



GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service
United States Department of Agriculture

NOVEMBER 16, 1998

Russia Plans To Continue Exports. Being able to sell wheat at prices three times higher than those received on its domestic market, Russia will continue wheat exports while receiving aid from the United States. Referring to the 2.5 million tons of grain in Russia's Krasnodar region, as well as sales that have already been made, Russian Deputy Prime Minister, Gennady Kulik, states, "Are we going to stop? No we are not." Regarding the \$600 million in credit and 1.5 million tons of free wheat being provided to Russia, the U.S. is concerned about how Russia will distribute the income from food sales, as well as eliminating any possibility that Russia might sell the donated U.S. grain. Similar concerns were expressed by the European Union (EU), after receiving news that Kulik pledged to ask the EU for \$500 million in food aid. Among other commodities, the EU package would contain 1 million tons of wheat, 500,000 tons of rye, and 50,000 tons of rice. In addition to commodities not being re-exported, the EU asks that the aid not upset local commercial markets. In this regard, Russian Agriculture Minister, Viktor Semyonov, stated that he feared a situation similar to the early 1990's, when Western food aid, unevenly distributed, led to bankruptcy for many Russian farmers. Semyonov also stated, "Rumors about looming hunger in Russia are obviously an exaggeration. They benefit the importers of food products, who spread them in order to make more profits." Deputy Economics Minister, Andrei Sharonov, echoed this feeling, stating that "...there is no reason to expect tragic problems this winter, as the government is in the process of preparing for the winter on both a federal and municipal level." Meanwhile, reports out of Russia's far northern provinces, such as Chukotka, Yakutia, and Koryak, indicate that the population of 12 million is facing a severe winter and shortages of food, fuel, and medicine. Provisions for this area have traditionally been the responsibility of the government; however, Russia's economic crisis has made it especially difficult to provide for the northern region. One Russian official stated, "The situation is extremely serious..." and an eventual evacuation of this area will be necessary. (*Reuters, AP, Knight-Ridder, Washington Post*)

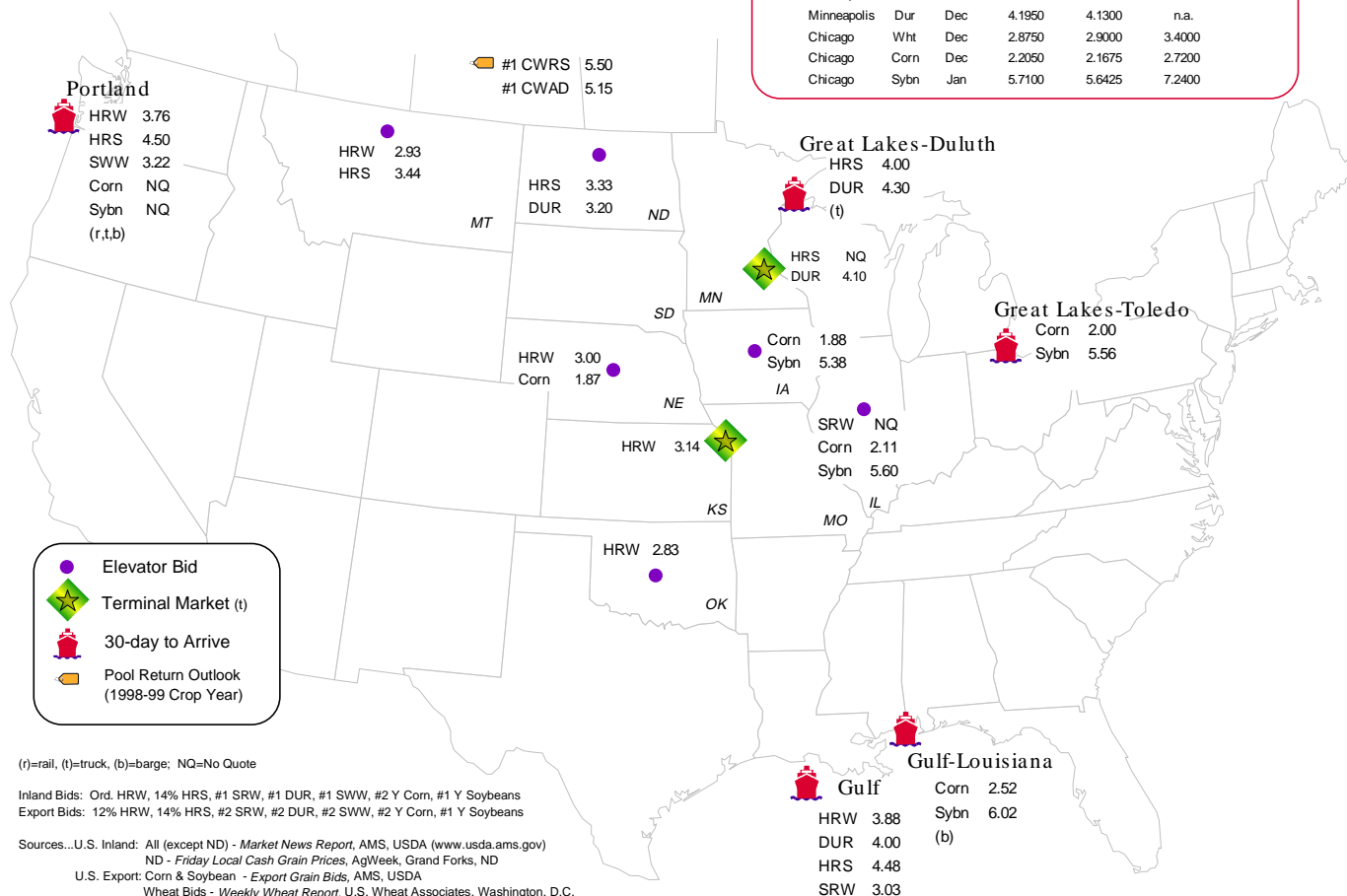
Grain Elevator Levels Down. After a record soybean harvest and a near-record corn harvest, grain elevators across the Midwest should be brimming with grain. However, this is not the case. With demand increasing, but with low grain prices still unacceptable to most producers, some midwestern grain elevator operators are having trouble maintaining an on-hand supply adequate to meet the demand from exporters and domestic users. Faced with only slight price increases, farmers continue to hold onto their grain, awaiting the price effects of events such as donations to Russia and the possibility of drought in the South American grain-producing regions of Argentina and Brazil. One Illinois farmer stated that he would be willing to sell his corn at \$2.40 to \$2.50 per bushel. He said that a price of \$2.10 to \$2.20 per bushel would be a break-even point. Other factors influencing grain sales include: the absence of a Government loan program, which allowed farmers to sell above market value; the pending distribution of \$6 billion in Government payments, which will give the farmer less incentive to sell; and the strategy of waiting until January 1999 to sell, which would defer taxes on the income until the new tax year. (*Wall Street Journal*)

Railroads Enjoying Steady Car Demand. Reports indicate that the Nation's largest grain-hauling railroads, Union-Pacific Railroad (UP) and Burlington Northern Santa Fe Railway (BNSF), are experiencing conditions of optimal car utilization this year. Domestic grain processors are taking advantage of the decreased export demand and low grain prices and providing the railroads with a grain-car demand sufficient to remain profitable, without the system-crippling volumes experienced in the past. Steven Bobb of BNSF stated that its 40,000 grain-car fleet has remained busy this fall but that he is still able to meet the needs of shippers who will require cars through next month. (*AP, Fort Worth Star-Telegram*)

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Futures:				Week Ago	Year Ago
			11/13/98	11/06/98	11/14/97
Kansas City	Wht	Dec	3.2325	3.2175	3.5500
Minneapolis	Wht	Dec	3.6800	3.6325	3.7725
Minneapolis	Dur	Dec	4.1950	4.1300	n.a.
Chicago	Wht	Dec	2.8750	2.9000	3.4000
Chicago	Corn	Dec	2.2050	2.1675	2.7200
Chicago	Sybn	Jan	5.7100	5.6425	7.2400



Average \$/Car for up to 6 months of trading

Legend:

- BNSF-SWAP (Green checkered bar)
- CP-GEEP (Red solid bar)
- UP-POOL (White bar with black outline)

Delivery Month-Year	BNSF-SWAP	CP-GEEP	UP-POOL
Apr-97	-50	-10	0
May-97	-100	-10	-10
Jun-97	-60	-10	-10
Jul-97	-60	-60	0
Aug-97	10	-10	30
Sep-97	80	80	100
Oct-97	170	150	200
Nov-97	100	80	230
Dec-97	60	40	220
Jan-98	-10	0	70
Feb-98	-10	-10	0
Mar-98	-40	-40	10
Apr-98	-130	-40	-10
May-98	-150	-40	-10
Jun-98	-40	-10	0
Jul-98	-20	-20	50
Aug-98	50	50	100
Sep-98	120	100	150
Oct-98	160	120	190
Nov-98	110	80	140
Dec-98	40	30	70
Jan-99	-10	0	20
Feb-99	-30	0	10
Mar-99	-40	0	0
Apr-99	-40	0	0

See the Grain Trax page at www.ugpti.org for more graphs of rail premiums.

Rail Car 'Auction' Offerings				
Delivery for:	Nov-98		Jan-99	
	<u>Offered</u>	<u>% Sold</u>	<u>Offered</u>	<u>% Sold</u>
BNSF-COT	5,205	100%	5,303	43%
UP-GCAS	5,000	77%	5,000	7%
Source: Transportation & Marketing /AMS/USDA; www.bnsf.com; www.uprr.com				

Secondary Rail Car Market

Average Premium/Discount to Tariff, \$/Car - Last Week

		Delivery Period		
		Nov-98	Dec-98	Jan-99
BNSF-COT	no offer	\$0	\$2	\$(19)
CP-GEEP	\$20	\$2	\$0	\$0
UP-Pool	\$0	\$13	\$(2)	\$1

Source: T&M/AMS/USDA. Data from Atwood/ConAgra., Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.;

GF=Guaranteed Freight, GEEP=Guaranteed Eqpt. Exchange, Pool=Guaranteed Pool

note... bids listed are market INDICATORS only & are NOT guaranteed prices, missing value=No Bid Quoted

Railroad Car 'Auction' Results

Average Premium/Discount to Tariff, \$/Car - Last Auction

Delivery for:	Nov-98	Jan-99	Feb-99
COT/N. Grain	sold out	no bid	no bid
COT/S. Grain	sold out	no bid	\$(288)
GCAS/Region 2	no bid	no bid	no bid
GCAS/Region 4	no bid	no bid	no bid

Source: T&M/AMS/USDA. Data from www.bnsf.com, www.uprr.com, (COT=Certificate of Transportation; GCAS=Grain Car Allocation System)**Southbound Barge Freight Nominal Values***

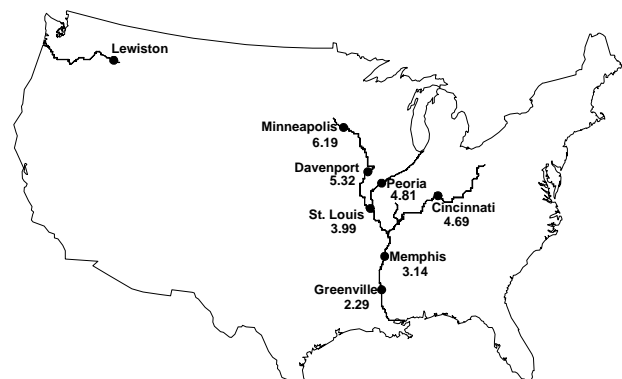
Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

Week ended	River/Region	Contract Period	Rate
11/13/98	St Louis	twk/nwk	135
	Illinois River	wks of	185
		11/22&29 Dec.	170

Summary Of Daily Barge Trades Reported To St. Louis Merchants Exchange.

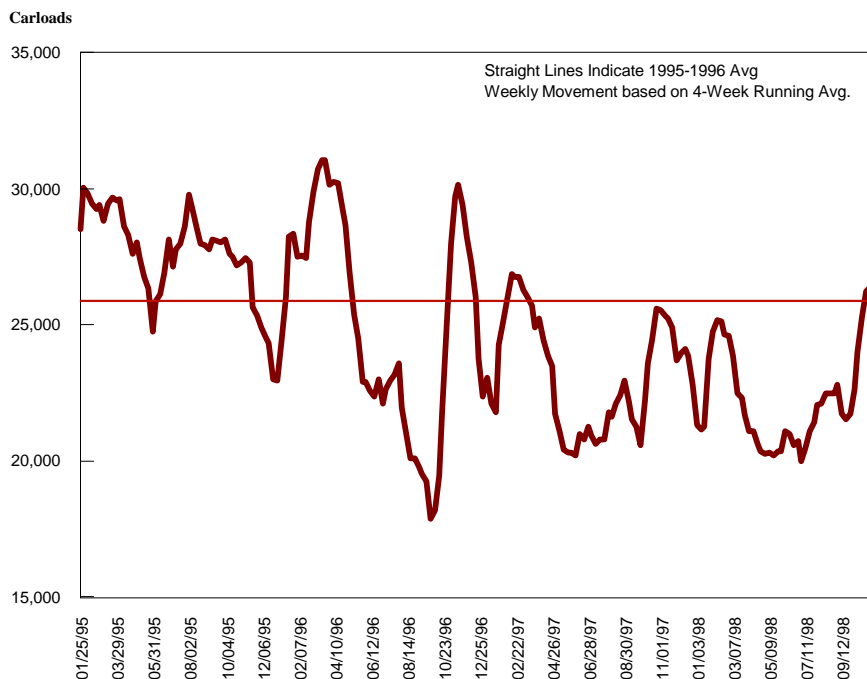
twk=this week
nwkw=next week**Southbound Barge Freight Spot Rates**

	11/11/98	11/4/98	Dec. '98	Jan. '98
Twin Cities	275	275	nq	nq
Mid-Mississippi	247	234	nq	nq
Illinois River	233	217	171	nq
St. Louis-Cairo	138	186	127	nq
Lower Ohio	145	172	136	nq
Cairo-Memphis	128	179	121	nq

Source: Transportation & Marketing /AMS/USDA
nq- no quote**Barge Benchmark Tariff Rates
Est. 1976 - 'Tariff No. 7'**

Grain Car Loadings for Class I Railroads

Class I Railroad Grain Car Loadings	
Week Ending:	Carloads
10/24/98	26,247
10/31/98	27,527
11/07/98	26,070
Year to Date - 1998	993,778
Year to Date - 1997	1,016,983
Total 1997	1,199,995
Total 1996	1,235,123
Source: American Association of Railroads	



Class I Rail Carrier Grain Car Bulletin

Carloads

	<u>East</u>				<u>West</u>			<u>Canada</u>	
	Conrail	CSXT	IC	NS	BNSF	KCS	UP	CN	CP
11/07/98	1,404	3,731	1,396	3,223	8,995	871	6,450	2,530	4,568
This Week Last Year	1,091	3,147	1,833	3,101	8,661	758	5,732	3,653	6,276
1998 YTD	33,223	105,816	66,721	111,338	360,654	29,449	286,577	96,832	184,893
1997 YTD	22,808	94,546	69,071	102,242	363,608	29,161	329,167	145,883	231,409
1996 Total	31,733	111,509	48,695	131,568	432,687	30,009	439,865	129,714	181,387
1995 Total	37,851	133,755	61,612	139,043	410,274	34,393	447,786		

Source: American Association of Railroads

Tariff Rail Rates for Unit Train Shipments

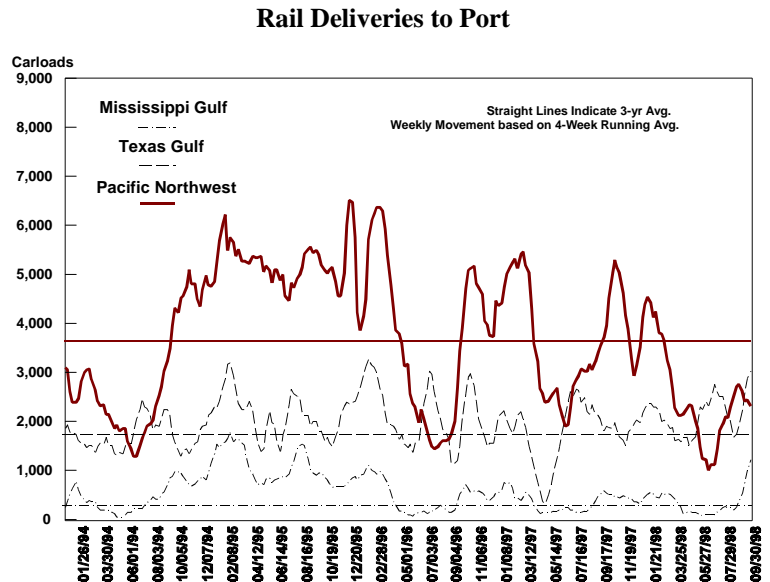
November 1998

Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
11/01/98	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,050	\$18.60	\$0.62
11/01/98	43521	Wheat	Minneapolis, MN	Portland, OR	\$4,027	\$36.54	\$1.21
11/01/98	46540	Wheat	Kansas City, MO	Houston, TX	\$1,650	\$14.97	\$0.50
11/01/98	43586	Wheat	Kansas City, MO	Portland, OR	\$4,012	\$36.41	\$1.20
11/01/98	43581	Wheat	Omaha, NE	Portland, OR	\$3,905	\$35.44	\$1.17
11/01/98	31040	Corn	Minneapolis, MN	Portland, OR	\$2,865	\$22.87	\$0.80
11/01/98	31035	Corn	Kansas City, MO	Portland, OR	\$3,100	\$24.74	\$0.87
11/01/98	31040	Corn	Omaha, NE	Portland, OR	\$2,485	\$19.83	\$0.70
11/01/98	61180	Soybean	Minneapolis, MN	Portland, OR	\$3,330	\$30.22	\$1.00
11/01/98	61180	Soybean	Omaha, NE	Portland, OR	\$3,030	\$27.50	\$0.91
05/01/98	61180	Soybean	Omaha, NE	Portland, OR	\$2,780	\$25.23	\$0.83

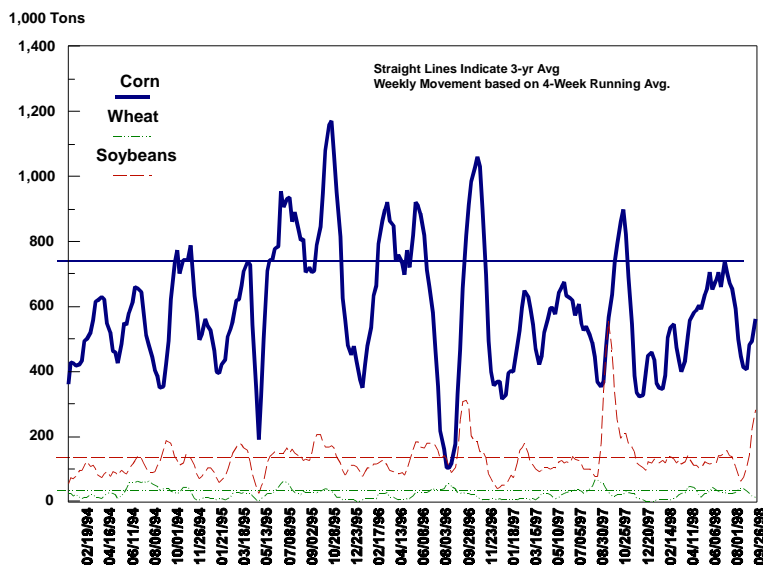
Source: www.bnsf.com

Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

Rail Deliveries to Port				
Carloads				
	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
10/21/98	1,117	3,094	2,275	468
10/28/98	1,305	3,330	2,351	900
11/04/98	1,492	2,778	2,193	600
YTD 1998	17,308	95,118	113,854	9,456
YTD 1997	16,365	78,815	159,779	6,536
Total 1997	20,152	93,265	195,953	9,147
Total 1996	25,899	113,804	199,709	11,304
Source: Transportation & Marketing/AMS/USDA				



Barge Movements - Locks 27

**Barge Grain Movements**

for week ending 11/07/98

	Corn	Wht	Sybn	Total
1,000 Tons				
Mississippi River				
Rock Island, IL (L15)	444	0	152	597
Winfield, MO (L25)	426	0	195	621
Alton, IL (L26)	540	0	235	790
Granite City, IL (L27)	579	5	259	859
Illinois River (L8)	164	0	59	224
Ohio (L52)	42	0	41	181
Arkansas (L1)	0	1	0	0
1998 YTD	24,674	2,216	7,235	36,715
1997 YTD	24,516	2,402	7,797	37,589
Total 1997	29,685	2,689	9,584	45,315
Total 1996	34,210	2,348	8,297	48,963

Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1.

Source: U.S. Army Corp of Engineers

U.S. Export Balances* (1,000 Metric Tons)

	<i>HRW</i>	<i>SRW</i>	<i>HRS</i>	<u>Wheat</u> <i>SWW</i>	<i>DUR</i>	<i>All</i>	<u>Corn</u>	<u>Soybean</u>	<u>Total</u>
<u>Unshipped Exports-Crop Year</u>									
11/05/98	1,394	276	1,136	1,112	184	4,102	8,210	5,860	18,172
This Week Year Ago	1,632	537	9,886	658	323	4,138	7,606	7,331	19,075
<u>Cumulative Exports-Crop Year</u>									
98/99 YTD	5,147	986	2,921	2,562	403	12,020	7,312	4,878	24,210
97/98 YTD	4,720	3,017	2,992	2,519	601	13,850	6,852	6,601	27,303
96/97 Total	2,595	1,643	1,432	1,240	361	7,271	43,991	24,273	75,535
95/96 Total	9,867	6,792	8,918	6,443	897	32,917	55,769	23,550	112,236

Source: Foreign Agricultural Service YTD-Year-to-Date (fas.usda.gov) Crop Year: Wheat=5/31-6/01, Corn & Soybeans=9/01-8/31

Select U.S. Port Regions - Grain Inspections for Export - 1,000 Metric Tons

	<u>Pacific Region</u>			<u>Mississippi Gulf</u>			<u>Texas Gulf</u>		
	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>
11/12/98	268	55	17	106	750	476	138	21	45
1998 YTD **	8,914	3,793	622	4,518	25,961	11,853	6,338	456	1,069
1997 YTD **	9,758	8,743	1,574	5,666	25,101	14,847	4,479	989	753
% of Last Year	91%	43%	40%	80%	103%	80%	142%	46%	142%
1997 Total	11,156	9,728	1,764	6,349	28,183	18,658	5,106	1,001	1,014

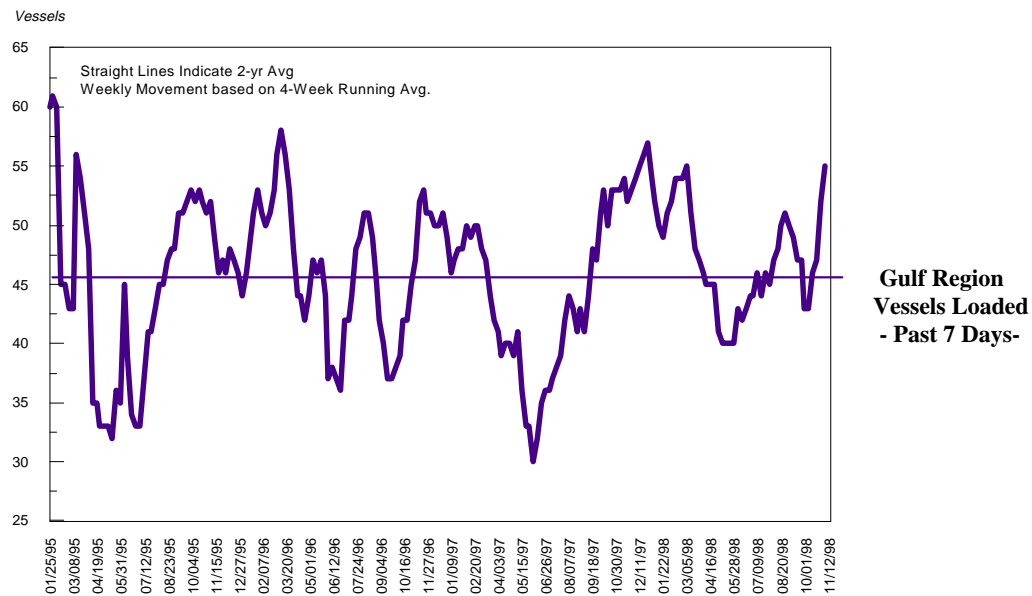
Source: Federal Grain Inspection Service *Year Ago-This Week a Year Ago ** YTD-Year-to-Date

Select Canadian Ports - Export Inspections

1,000 Metric Tons, Crop Year

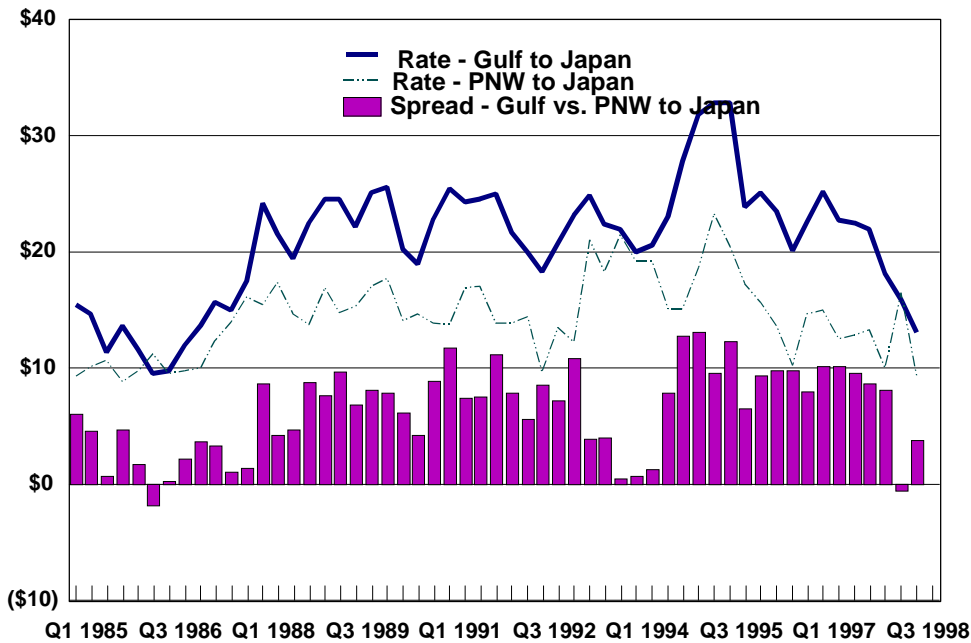
	<u>Wheat</u>	<u>Durum</u>	<u>Barley</u>
Week Ended: 11/11/98			
Vancouver	1,428	190	69
Prince Rupert	126	0	0
Prairie Direct	163	81	95
Thunder Bay	219	57	54
St. Lawrence	606	456	0
1998 YTD Exports	2,851	793	217
1997 YTD Exports	5,444	1,055	758
% of Last Year	52%	75%	29%

Source: Canadian Grains Commission *Year Ago-This Week a Year Ago ** YTD-Year-to-Date Crop Year 8/1-7/31



Port Region Ocean Grain Vessels									
	Gulf			Pacific Northwest			Vancouver, B.C.		
		Loaded	Due Next		Loaded	Due Next		Loaded	Due Next
	<u>In Port</u>	<u>7-Days</u>	<u>10-Days</u>	<u>In Port</u>	<u>7-Days</u>	<u>10-Days</u>	<u>In Port</u>	<u>7-Days</u>	<u>10-Days</u>
11/05/98	53	59	68	13			13	10	0
11/12/98	47	62	66	15			18	9	2
1997 Range	(11..52)	(25..61)	(31..89)						
1996 Range	(17..46)	(38..61)	(27..88)						
1997 Avg	33	45	58						
1996 Avg	38	46	62						
1995 Avg	31	45	60						
Source: Transportation & Marketing /AMS/ USDA									

US\$/Metric Ton

Quarterly Ocean
Freight Rates**Quarterly Ocean Freight Rates**

Weighted Average Rates & Vessel Size, U.S. Dollars/Metric Ton - Basis

	1998 3 rd Qtr	1997 3 rd Qtr	% Change		1998 3 rd Qtr	1997 3 rd Qtr	% Change
Gulf to				Pacific NW to			
Japan	\$13.17	\$22.55	-42%	Japan	\$9.35	\$12.92	-28%
Mexico	\$16.33	\$14.47	13%	Red Sea/ Arabian Sea		\$19.23	
Venezuela	\$10.30	\$13.78	-25%				
N. Europe	\$8.85	\$13.23	-33%	Argentina to			
N. Africa	\$13.87	\$15.44	-10%	N. Europe	\$12.15	\$14.83	-18%
				Japan	\$16.21	\$25.56	-37%

Source: Transportation & Marketing/AMS/USDA

Ocean Freight Rates

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
St. Lawrence	Morocco	Wheat	November	20,000	\$13.00
Gulf	E. Mediterranean	Wheat	November	30,000	\$13.00
Gulf	Taiwan	Heavy Grain	November	54,000	\$13.00-13.10
Gulf	Japan	Heavy Grain	December	53,000-54,000	\$13.30-13.55
Paranagua (Brazil)	Lisbon/Hamburg	Grains	Prompt	30,000	\$12.17
Rouen (France)	Casablanca (Morocco)	Wheat	Prompt	30,000	\$10.00
Rouen (France)	Las Palmas & Tenerife (Canary Islands)	Wheat	November	15,400	\$12.00

Source: Maritime Research Inc.